

MEMORANDUM

TO: The Nevada County Transportation Commission

FROM: Daniel B. Landon, Executive Director

SUBJECT: Executive Director's Report for the March 16, 2005 Meeting

DATE: March 7, 2005

1. AIR QUALITY CONFORMITY OVERVIEW

Western Nevada County's designation as a non-attainment area under the Federal 8-hour ozone national air quality standard requires the completion of a "Transportation Conformity Finding" and development of a State Implementation Plan (SIP) by the dates shown below:

June 15, 2005: Interagency Consultation Process in place and a Transportation Conformity Analysis/Determination finding approved by EPA.

June 15, 2007: State Implementation Plan must be approved by EPA.

The next step in this process is for the Nevada County Transportation Commission (NCTC) and Northern Sierra Air Quality Management District (NSAQMD) to work with the appropriate state and federal agencies to finalize a framework that identifies the interagency consultation procedures and responsibilities as required for a federally designated non-attainment area. NCTC staff intends to finalize the consultation procedures by late March.

Concurrently, NCTC staff and the stakeholders will begin working on the steps necessary to complete the transportation conformity analysis. NCTC will utilize its traffic model and work in conjunction with the NSAQMD to provide outputs from the model for vehicle miles traveled, speed summaries, lane miles, and other data for western Nevada County. The conformity analysis must show that all regionally significant federal and non-federal transportation projects do not create new violations of the National Ambient Air Quality Standards (NAAQS), increase the severity of NAAQS violations, or delay timely attainment.

The transportation conformity analysis will permit transportation improvement projects in the region to continue until a State Implementation Plan (SIP) is developed for the region in June 2007. The SIP is an air quality plan developed by the California Air Resources Board, in cooperation with local air districts, to identify measures to attain and maintain Federal Clean Air Act Standards. The SIP for our region will be incorporated into a statewide SIP that will outline the measures that the state will take in order to improve air quality in non-attainment areas.

2. 2006 STATE TRANSPORTATION IMPROVEMENT PROGRAM OUTLOOK

Caltrans and NCTC staff have been discussing the potential effects of the funding scenarios described in a recently circulated 2006 State Transportation Improvement Program (STIP) draft

discussion paper. Final determination of the STIP fund estimate will occur after completion of the 05/06 State Budget. A copy of the draft discussion paper is included below:

**2006 STIP Programming Discussion Paper (Draft)
Plan for the Best, Prepare for the Worst**

“California’s transportation program is in crisis and on the verge of collapse”

- 2004 Annual Report to the California Legislature, California Transportation Commission, December 9, 2004

The above quote plainly describes the situation before us today. Neither the state nor federal gas tax has increased in over fifteen years, while the effects of inflation have eroded its purchasing power. Today, departmental operations, local subventions, and the SHOPP currently consume most of this fund source. Funding for the STIP is increasingly dependent upon sales tax revenues. Of the \$5.4 billion programmed in the 2004 STIP, about \$4.0 billion (75%) was scheduled to come from sales tax revenues - \$3.3 billion from Proposition 42 transfers (including payback of past loans) and \$0.7 billion to the PTA. With only 25% of the STIP now funded with fuel tax revenues, the implications are clear.

2006 STIP Fund Estimate Issues

- Fund Estimate still scheduled for August 2005. No delay being discussed.
- Revenue assumptions are the biggest question.
- Proposition 42 funds, since approved, have always been transferred to the General Fund.
- Proposition 42 funds are again proposed for transfer to the General Fund in FY 2005/06.
- Gaming bonds, intended to account for past transfers - in legal limbo.
- Declining value of the state/federal gas tax and future funding level of the SHOPP.
- Discussion now centering about a two tiered Fund Estimate with atwo tiered RTIP/ITIP.

Two hypothetical funding tiers are outlined below. While neither may come to pass, they serve well for discussion and priority planning into the next few months.

Future Outlook - Possible Tier 1

The continued diversion of Proposition 42 funds to the General Fund cause the CTC to assume that none of these revenues will be available within the 2006 STIP programming period. The result is that about \$3.6 billion dollars, roughly half of the funding for the STIP, is lost.

What needs to Happen?

- Prepare for the worst. Cull and prioritize projects to within half of existing funding.
- Review current delivery plans, revise schedules and costs consistent with COS resources and current conditions.
- New programming. Extremely difficult to add new projects to the STIP (except TE).
- Support only work. Policy Issue: We could easily abandon all support only in favor of fully funded work, but is this shortsighted? Need to identify funding strategies for any (new or existing) support only projects.

Future Outlook - Possible Tier 2

Some of the Proposition 42 funds make their way into the STIP. There will be just enough programming capacity to fund the unallocated remainder of the 2004 STIP, maybe a little more.

What needs to Happen?

- Plan for the Best. If there is some funding, we may be looking for some PSR's.
- Or; Policy issue: Commitment to ongoing programmed projects....
- Much like the 2004 STIP cycle, most projects will simply be deferred into the future where funding is anticipated.
- Review current delivery plans, revise schedules and costs consistent with COS resources and current conditions.

GOVERNOR SCHWARZENEGGER'S TRANSPORTATION PROGRAM

On February 24th, Business, Transportation and Housing Secretary Sunne Wright McPeak announced the three-bill legislative package for GoCalifornia, an innovative plan to reform and revitalize California's transportation system. GoCalifornia introduces innovative financing for transportation projects, streamlines project delivery, and protects future transportation funding.

"We're putting the 'go' back into California's transportation system, which has stalled after years of neglect," said Secretary McPeak. "GoCalifornia will help improve our roads and highways so people spend less time sitting in traffic and commerce can get to the marketplace without costly delay."

The GoCalifornia legislative package reflects Governor Schwarzenegger's commitment to transportation and his commitment to reforming government. GoCalifornia increases the sources of funding for state roads and highways and reduces red tape for transportation projects. Improving mobility in the state will boost California's quality of life and economic competitiveness.

- AB 850 (Canciamilla, D-Pittsburg) implements innovative financing, including public-private partnerships, to pay for building and maintaining California's roads and highways. These partnerships will permit Caltrans to accept private investment and allow private operators to charge tolls to recoup their investment.

"Public-private partnerships will increase the money available for transportation projects and foster a cooperative approach to addressing our transportation needs," said Assemblyman Joe Canciamilla.

The bill also permits Caltrans to operate High Occupancy Toll (HOT) lanes. Providing single occupancy vehicles paid access to underutilized High Occupancy Vehicle lanes will reduce roadway congestion and generate additional transportation revenue.

- SB 705 (Runner, R-Antelope Valley) gives Caltrans the ability to use "design-build," a streamlined building process that shortens project delivery. With design-build, Caltrans selects a contractor to design and construct a project under one agreement. Traditionally,

Caltrans has used the lengthy design-bid-build process, whereby Caltrans engineers designed the project and then Caltrans awarded the construction to a private firm.

“The current design-build process is tied up with unnecessary bureaucratic and time-consuming red tape. This proposal will streamline the design-build process, expedite transportation projects, and provide commuters with congestion relief sooner rather than later,” said Senator George Runner.

- AB 1266 (Niello, R-Fair Oaks) enables Caltrans to use design-sequencing, which jump-starts groundbreaking by allowing construction to begin as soon as the design is finished for each phase of a project.

“The pressing need for infrastructure improvements in our state demands that we come up with new and innovative ways to fund and build transportation projects. Design-sequencing will help get projects done faster for less money so Californians can stay on the go,” said Assemblyman Roger Niello.

Additionally, Governor Schwarzenegger’s previously announced budget reform proposal (ACA 4X; Keene, R-Chico) will protect transportation money by forbidding suspension of Proposition 42 funding beginning in fiscal year 2007-2008.

“Californians demand a smarter, more effective government that meets statewide problems with action and reform. That is what we are doing with GoCalifornia. GoCalifornia is ambitious, it is innovative and it will bring our transportation system into the 21st Century – paving the way for a better California,” said Secretary McPeak.

While the components of the GoCalifornia program address some important issues, funding for existing projects is still tied up in legal battles over the Indian Gaming Compact and the prospect of losing Proposition 42 revenues for an additional two years, with repayment to occur over fifteen years, without interest, is troubling (see Legislative Counsel’s Digest of AB 850, SB 705, AB 1266, and ACA 4x and full text of bills at <http://www.leginfo.ca.gov/bilinfo.html>).

In contrast to the GoCalifornia program, Transportation California, a non-profit coalition of business, labor, and planning agencies, present the information below at their website www.transportationca.org.

State Gas Tax Revenues Have Not Kept Pace With Road Use

- The number of miles driven on California roads steadily increased over the past decade. By 2005, vehicle-miles traveled on all roads in the state will be 30% higher than in 1992.
- Revenues from the gas tax roughly kept pace with miles traveled through most of the 1990s as the tax rate increased gradually from 9¢ to 18¢ per gallon.
- Because gas taxes have not increased since the mid-1990s, inflation-adjusted gas tax revenues are projected to decline 8% from 1998 through 2005. Over the same period, vehicle miles traveled are projected to increase by more than 15%.
- Unmet needs for the next 10 years total \$110+ billion, according to the Governor’s Commission on Building for the 21st Century (2000 report). Caltrans estimates maintenance needs alone are \$22 billion.

(Source of gas tax revenue data: Legislative Analyst, 2004)

Demands Are Growing on California Roadways

- Between 1980 and 2000, vehicle miles of travel on California's roads increased 97% – from 156 billion miles to 307 billion miles a year. (TRIP)
- Travel in California in the 1990s increased 10 times faster than new lane capacity was added. (TRIP)
- Vehicle miles of travel are projected to increase another 63% by the year 2025.
- California's population increased by 42% between 1980 and 2000, from 24 million residents to 34 million. By the year 2025, California's population is expected to increase by another 44% to 49 million people. (US Census Bureau)

California's Roads Are Aging

- 70% of California travel is on major roads and highways, about 200 billion vehicle miles of travel annually.
- The bulk of California's highway system was built in the 1960s and 1970s and has exceeded its design life.
- California's highways carry significantly more traffic than they were designed to handle. In the last 10 years, automobile travel increased 10 times faster than new lane capacity was added. (TRIP)
- The result is heavy demand on the aging system, causing:
- Wear and tear on roads: More than 70% of California's major local and state road miles is rated in poor or mediocre condition and 28% of the state's overpasses and bridges are structurally deficient or functionally obsolete. (TRIP analysis of FHWA data)
- Additional operating costs: California's 21 million motorists pay an average of \$555 each in extra vehicle operating costs annually as a result of driving on roads in poor, mediocre and fair condition. California motorists pay a total of \$12 billion annually in extra vehicle operating costs (e.g., pothole damage to tires and rims, front end alignments, lost hubcaps, wasted fuel, shortened vehicle lifespan.) (TRIP, 2003)

Delay and Neglect Increase Costs

- Not dealing with congestion leads to more battered roads and more congestion, loss of productivity, loss of business, and disruption of commerce.
- Not repairing poor roads leads to roadbed deterioration. Rebuilding roads in this state of disrepair can cost four times as much as renovating a road in fair condition. (The Metropolitan Transportation Commission, Pothole Report, 2000)
- "Road conditions are a factor in an estimated 30% of traffic fatalities." Edward G. Rendell, Public Works Management and Policy, October 1998. California had 3,956 traffic fatalities in 2001. \$100 million spent on highway safety improvements could save 145 lives over a 10-year period.

Sources: The Road Information Program (TRIP), Federal Highway Administration (FHWA), Texas Transportation Institute (TTI), US Census.

California's Road Safety Rate Shows Need For Investment

Fatalities on rural roads are two-and-a-half times greater than fatalities on all other routes, according to a TRIP study released March 3, 2005. In that study, fatalities on California's rural roads ranked number two in the nation, and the fatality rate was 10 out of 50 states. [For the TRIP study and news release, go to <http://www.tripnet.org>].

Michael Lawson, Executive Director of Transportation California, responded to the TRIP study with this statement:

"TRIP's rural roads report underscores the impact of California's rapid growth and urbanization in rural areas.

Fortunately, the death rate on California's rural roads does not rank among the top 10 percent in the country. However, with more than 6,600 deaths a year on rural roads, there is more the state could do to make these roads safer, particularly as more and more people are using them.

Roadway safety is yet another reason Proposition 42 should not be suspended for a third year in a row. That measure, passed by nearly 70 percent of California voters, dedicated the sales tax on gasoline to transportation programs. Since Proposition 42 went into effect, transportation has seen only 12 percent of the \$2.4 billion expected. Another diversion - which has been proposed - will add more than \$1 billion to the backlog of transportation projects California desperately needs.

Adequate maintenance and upkeep are vital to keeping our roads safe. Right now, needed safety and maintenance projects are on hold because the money just isn't in the State Highway Account.

California is the nation's leading agricultural state. The governor and legislature need to remember that these goods move on literally every mile of road in California, including rural roads. For the improved safety of drivers and the economic health of the state, our elected officials must do what they can to facilitate safe and efficient goods movement in California, whether it is in areas plagued with gridlock, or in rural regions grappling with population growth.

Funds promised under Proposition 42 are critically needed to enhance safety and mobility on California roadways - rural and urban."

3. CAPITOL CORRIDOR EXTENSION TO RENO FEASIBILITY STUDY

Placer County Transportation Planning Agency, Sacramento Regional Transit, and the Capitol Corridor Joint Powers Authority (CCJPA) have joined together to seek funding to continue efforts to extend the Capitol Corridor rail service to the Reno-Sparks area. The CCJPA also approved an agreement with the Nevada County Transit Services Division to provide feeder bus service (Gold Country Stage) from Nevada County to the Auburn rail station (see attached information).

4. GRASS VALLEY SUBMITS DORSEY DRIVE INTERCHANGE FOR AN EARMARK IN FEDERAL TRANSPORTATION REAUTHORIZATION.

The City of Grass Valley received a request from Congressman John Doolittle's office to submit a list of projects for potential inclusion in the Federal budget. The City identified eleven potential projects, including the Dorsey Drive Interchange (see attached copy of submittal). Due to the size of the project cost, the City may not receive enough funding to bridge the identified funding gap; however, the additional opportunity to express our community's need can't hurt funding chances.

attachments